



**Dan Bucks**  
Director

# Montana Department of Revenue



**Brian Schweitzer**  
Governor

May 14, 2007

The Honorable Jill Cohenour  
State Representative, HD 78  
State Capitol  
Helena, MT 59601

Dear Rep. Cohenour:

You have asked if there is information concerning whether or not members of organizations opposing the tax compliance measures in HB 5 of the 2007 Special Session have engaged in abusive tax shelters and, if so, whether if there is a difference between the use of such shelters by out-of-state members and Montana members of these organizations.

**Answer:**

The full membership of the organizations opposing HB 5 is not known. Some of the organizations do not appear to publish or make readily available any membership information. Other organizations publish or make readily available only the members that on their boards. So the response to your inquiry is limited to the partial membership of only four organizations which have made publicly available some portion of their membership.

In addition, the information available to the department on the use of abusive tax shelters is also partial and varies from year to year from 1999 forward. More complete tax shelter information could raise the portion of taxpayers identified as engaging in such shelters. With these general qualifications, the department's response to your inquiry follows.

Based on partial and limited information of their membership made publicly available by four of the organizations opposing HB 5 and partial information concerning the use of abusive tax shelters, a significant share—approximately half—of the out-of-state companies known to belong to these four organizations engaged in reportable or listed transactions subject to the federal abusive tax shelter legislation. Further, information from sources other than tax returns indicates that four out-of-state companies—only a minor portion of the total companies involved—have paid \$10.7 million in fees to a national accounting firm to engage in these tax shelters.

In contrast, there is little evidence that in-state Montana companies—whether they belong to these business organizations or not—have engaged in any of these tax shelters. In this regard, in-state Montana companies refers to companies headquartered in Montana and with no significant facilities and production activities outside Montana.

I hope this information is responsive to your request.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dan Bucks".

Dan Bucks  
Director of Revenue